

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7770

Amended Joint Petition of Central Vermont Public Service)
Corporation ("CVPS"), Danaus Vermont Corp., Gaz Métro)
Limited Partnership ("Gaz Metro"), Gaz Métro inc., Northern)
New England Energy Corporation ("NNEEC") for itself and as)
agent for Gaz Métro's parents, Green Mountain Power)
Corporation ("GMP") and Vermont Low Income Trust for)
Electricity, Inc. ("VLITE"), for approval of: (1) the merger of)
Danaus into and with CVPS; (2) the acquisition by NNEEC of)
the common stock of CVPS; (3) the amendment to CVPS's)
Articles of Association; (4) the merger of CVPS into and with)
GMP; and (5) the acquisition by VLITE of a controlling)
interest in Vermont Electric Power Company, Inc.)

Order entered: 12/16/2011

AMENDED SCHEDULING ORDER

On December 6, 2011, the Town of Stowe Electric Department ("SED") filed a motion with the Public Service Board ("Board") proposing an amendment to the existing schedule established for this proceeding in the Board's Revised Scheduling Order of November 4, 2011.¹ The most significant proposed change to the schedule in SED's motion would extend the deadline for non-petitioners' prefiled testimony from December 20, 2011, to January 20, 2012.

On December 8, 2011, the Vermont Department of Public Service ("Department") filed a response to SED's motion, which did not oppose SED's motion to extend the deadline for non-petitioners' testimony, but included an alternative proposed schedule. The Department's alternative proposed schedule was subsequently endorsed by SED in a filing on December 14, as well as by City of Burlington Electric Department, the Vermont Public Power Supply Authority, and, with some proposed modifications, Washington Electric Cooperative, Inc. ("WEC") in

1. The Board had previously issued scheduling orders in this docket on September 27 and October 3, 2011.

filings on December 13 and 14, 2011.² On December 9, 2011, the Petitioners³ filed a letter opposing SED's motion and the proposed schedule modifications.

In its motion, SED asserts that the unavailability of proposed documents and more specific information about the proposed governance changes to Vermont Electric Power Company, Inc. and Vermont Transco LLC (collectively, "VELCO") "has limited SED's ability to adequately review, understand and formulate opinions on the proposals and to retain experts to testify with respect thereto."⁴ SED asserts that the Amended Joint Petition "raises issues that will have impacts well beyond GMP and CVPS alone" and that the proposed VELCO governance changes "directly impact the future of Vermont's electrical transmission system, all distribution utilities, and all ratepayers in the State of Vermont."⁵ SED contends that VELCO governance issues must be addressed before the proposed merger can be allowed to proceed. Under SED's proposal, the deadline for non-petitioners' direct testimony would be postponed by a month, and the start of the technical hearings would be postponed by 12 days (with no change to the post-hearing briefing schedule).

In its response, the Department proposed its own amended schedule based on SED's proposal to extend the deadline for non-petitioners' direct testimony. The Department offered to file its testimony related to the Petitioners' proposal for the future ownership and governance of VELCO on January 10, 2012, to allow the other non-petitioning parties to review the Department's testimony on this issue prior to having to file their own testimony. The Department also recommended some other changes to SED's proposed schedule to lengthen some response periods.

The Petitioners oppose the proposed schedule modifications. They note that SED has not claimed that the Petitioners have failed to meet any deadline to provide information to SED or identified any other failure of the Petitioners or other parties to adhere to the current deadlines. The Petitioners argue that "the fact that SED believes it needs more information provides no

2. Omya, Inc. also made a filing on December 12, 2011, in which it indicated that it had no objection to the alternative schedule proposed by the Department.

3. Central Vermont Public Service Corporation, Green Mountain Power Corporation, Gaz Métro Limited Partnership, Gaz Métro inc., Vermont Low Income Trust for Electricity, Inc., Danaus Vermont Corp., and Northern New England Energy Corporation for itself and as agent for Valener Inc., Noverco, Inc., Caisse de dépôt et placement du Québec, Capital d'Amérique CDPQ Inc., Trencap L.P., Enbridge Inc., and IPL System Inc.

4. SED Motion to Amend Schedule (12/6/11) at 2.

5. *Id.*

basis for delaying the schedule."⁶ They also note that the month-long extension of the deadline for the filing of non-petitioners' direct testimony will unreasonably compress other deadlines and render the remaining schedule impractical. The Petitioners contend that extending the schedule and potentially delaying the date of the Board's decision could increase the cost of the proceeding and the transaction, adversely affect customers, and extend the period of uncertainty for the Petitioners and their employees.

As the Board has previously indicated, the significant, far-reaching and long-term implications of the proposed transactions for Vermont require that timing considerations be secondary to the need to ensure a thorough and careful evidentiary process to provide a sound basis for the Board's decisions in this matter.⁷ The Board also notes that the future ownership and governance of VELCO and the Vermont electric transmission system is one of the issues the Board has received the most comments about from other parties and the general public.

The Petitioners are correct that SED has not alleged any specific failure on the part of Petitioners to provide responses to discovery or adhere to any deadline. There does not appear to be any obstacle to SED and the other non-petitioners filing direct testimony based on the information currently available to them in discovery. However, the Board believes the quality of the non-petitioners' prefiled testimony and the record in this proceeding will be improved to the extent that the specifics of the Petitioners' proposals with respect to VELCO (including draft governance and shareholders agreements) can be further developed prior to the filing of that testimony. The Board also believes that this proceeding will be more productive and enlightening if the many substantive details of the proposed transactions were fully developed as early in the course of this proceeding as possible rather than near the end of the process.

Based on a consideration of the motion, the responses and the factors discussed above, the Board establishes the following revised schedule for the remainder of this proceeding:

Department's Direct Testimony re VELCO	January 10, 2012
Discovery Requests re Department's 1/10 Testimony	January 17, 2012
All Other Non-Petitioner Direct Testimony	January 20, 2012
Discovery Requests on 1/20 Testimony	January 27, 2012
Department's Responses to 1/17 Discovery Requests	January 31, 2012

6. Petitioners' Response to SED Motion (12/9/11) at 1.

7. Revised Procedural Order (11/4/11) at 2-3; *see, also*, Order re Intervention Motions (11/1/11) at 9-10.

Other Non-Petitioner Discovery Responses	February 10, 2012
Petitioners' Rebuttal Testimony	February 15, 2012 ⁸
Discovery Requests on Petitioners' Rebuttal Testimony	February 21, 2012
Petitioners' Discovery Responses	March 2, 2012
Surrebuttal Testimony by Non-Petitioners	March 8, 2012
Discovery requests on Non-Petitioners' Surrebuttal Testimony	March 12, 2012
Non-Petitioners' Discovery responses	March 19, 2012
Technical Hearings	March 22, 23, 26, 27 & 28 ⁹
Briefs	April 23, 2012
Reply Briefs	May 4, 2012

As the above schedule indicates, the Board has lengthened the schedule slightly and extended some deadlines from those recommended by the Department to address some of the concerns about short deadlines for responses. The Board notes WEC's concern about the short time period between the Petitioners' discovery responses related to their rebuttal testimony and the filing of surrebuttal testimony by the non-petitioners.¹⁰ However, as indicated above, the Board would expect that the substantive details of the proposed transactions will have developed and the relevant issues narrowed sufficiently by that stage of the proceeding such that the time period allowed for filing surrebuttal testimony will be reasonable and adequate.

Neither SED's motion nor the Department's proposal specifically provided for an additional discovery period prior to the filing of non-petitioners' direct testimony. The Department's response takes note of "discovery still to be answered and expected necessary

8. The Board may consider holding another public hearing following the filing of Petitioners' Rebuttal Testimony.

9. In the event that additional days of technical hearings are required, the Board has also reserved the dates of April 3 and 4 for technical hearings in this docket. Because of space constraints related to the size of the Board's hearing room and the number of parties participating in this proceeding, it may be necessary for the Board to find another location to conduct the technical hearings. Accordingly, the dates of the technical hearings may have to be changed depending on space availability.

10. WEC's Response to SED Motion (12/14/11) at 2. WEC's submission by e-mail was received after the noon deadline established in the Clerk's Memorandum of December 9, 2011.

follow-up."¹¹ The Board assumes that the parties will make informal arrangements to ensure that additional requests are made by the non-petitioners and follow-up information and documents are provided by the Petitioners on a timely basis.

SO ORDERED.

Dated at Montpelier, Vermont, this 16th day of December, 2011.

<u>s/ James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/ David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/ John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: December 16, 2011

ATTEST: s/ Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

11. Department's Response to SED Motion (12/8/11) at 2. Under the existing schedule, November 28 was the deadline for discovery requests on the Petitioners, and December 9 was the deadline for responses.